

# Exhibit E

Page 1

## C O N F I D E N T I A L

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK  
ADV. PRO. NO. 08-01789 (BRL)

-----x  
SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff-Applicant, Rule 2004  
v. Examination of:

BERNARD L. MADOFF INVESTMENT SAMIR MATHUR  
SECURITIES, LLC,  
Defendant.

-----x  
In Re:

BERNARD L. MADOFF,  
Debtor.

TRANSCRIPT of testimony as taken by and before  
JEANNETTE McCORMICK, Certified Court Reporter, RMR  
and Notary Public of the States of New York and New  
Jersey, at the offices of Baker & Hostetler, 45  
Rockefeller Plaza, New York, New York on Wednesday,  
November 3, 2010, commencing at 10:00 a.m.

BENDISH REPORTING, INC.  
Litigation Support Services  
877.404.2193  
www.bendish.com

BENDISH REPORTING, INC.  
877.404.2193

Page 57

11:56:07 1 A. I mean it -- again, as I said, it did  
11:56:11 2 not look bad from that perspective. I mean, that's  
11:56:21 3 all I can recall at that moment.

11:56:25 4 Q. Are you familiar with the phrase  
11:56:28 5 "back-testing"?

11:56:29 6 A. Yes.

11:56:30 7 Q. What do you understand "back-testing"  
11:56:32 8 to be?

11:56:34 9 A. It's a very general phrase, but  
11:56:37 10 typically used to try to duplicate the behavior of  
11:56:44 11 some index.

11:56:45 12 Q. Do you know whether any back-testing  
11:56:49 13 was performed by Citi on the Madoff or Sentry  
11:56:53 14 strategy before entering into the Auriga  
11:56:58 15 transaction?

11:56:58 16 A. No.

11:57:00 17 MR. BOCCUZZI: No, it was not done or  
11:57:02 18 no, you don't know?

11:57:04 19 THE WITNESS: It was not done as far  
11:57:06 20 as I know within our group.

11:57:10 21 Q. If you turn to page, Mr. Mathur, to  
11:57:14 22 page six of this document, which is at Bates stamp  
11:57:19 23 137, there is a section in the middle called (c)  
11:57:27 24 Split Strike Conversion Investment Approach. Do you  
11:57:30 25 see that?

SAMIR MATHUR 11/3/10 CONFIDENTIAL

SIPC v. BLMIS

Page 58

11:57:30 1 A. Yes.

11:57:32 2 Q. What did you understand to be the

11:57:34 3 Split Strike Conversion Investment Approach in 2005?

11:57:39 4 A. I mean this was the first time I had

11:57:44 5 encountered this idea of this particular trade.

11:57:49 6 Q. You had no prior experience or

11:57:56 7 understanding of a trading strategy that was called

11:58:00 8 split strike conversion?

11:58:01 9 A. That is right, I did not.

11:58:03 10 Q. And do you know whether the CMAC

11:58:09 11 Committee was familiar with a trading strategy

11:58:14 12 called split strike conversion to your knowledge?

11:58:18 13 A. When you say "CMAC Committee," it's

11:58:21 14 really a group of several people.

11:58:22 15 Q. Let me ask it this way. Do you

11:58:25 16 recall any discussion with any of the CMAC Committee

11:58:30 17 members concerning the split strike conversion

11:58:38 18 strategy employed by Madoff?

11:58:44 19 A. I mean, I'm sure -- it was probably

11:58:48 20 brought up in the conversations, but you're asking

11:58:51 21 whether any concerns were being expressed? Is that

11:58:54 22 the question?

11:58:54 23 Q. Any concerns or anything significant

11:58:57 24 stick out in your mind relating to the fact that

11:58:59 25 this may or may not have been the first time that

BENDISH REPORTING, INC.  
877.404.2193

SAMIR MATHUR 11/3/10 CONFIDENTIAL

SIPC v. BLMIS

Page 59

11:59:02 1 the Fast Track committee had seen this strategy  
11:59:05 2 being employed? That is what I am asking.

11:59:07 3 A. I don't recall any concern being  
11:59:09 4 raised with this strategy.

11:59:13 5 Q. And what did you do or your group do  
11:59:16 6 to become familiar with this particular trading  
11:59:21 7 strategy, the split strike conversion investment  
11:59:24 8 approach?

11:59:28 9 A. I mean, we looked at it. We tried to  
11:59:33 10 understand what was being done, but typically we do  
11:59:39 11 not try to replicate all the strategies done by the  
11:59:44 12 various funds. It's impossible to do that,  
11:59:47 13 generally speaking.

11:59:47 14 Q. Why is it impossible to do that?

11:59:49 15 A. When you take any hedge fund and you  
11:59:52 16 try to see how they come up with their performance,  
11:59:55 17 it's very, very hard to do.

11:59:57 18 Q. You said "we looked at it." Do you  
11:59:59 19 know who particularly looked at and evaluated the  
12:00:03 20 split strike trading strategy?

12:00:06 21 A. No. What I'm trying to say is we did  
12:00:10 22 not do it.

12:00:11 23 Q. You being Citi?

12:00:13 24 A. Our group.

12:00:16 25 MR. BOCCUZZI: The trading group?

SAMIR MATHUR 11/3/10 CONFIDENTIAL

SIPC v. BLMIS

Page 60

12:00:18 1 THE WITNESS: The trading group.

12:00:19 2 Q. Would any other part of Citi been

12:00:22 3 looking at or trying to analyze the Madoff split

12:00:25 4 strike trading strategy for purposes of supporting

12:00:30 5 your trade?

12:00:31 6 A. For supporting our trade, no.

12:00:34 7 Q. Fair enough. Can you tell us a

12:00:45 8 little bit about the process of gathering the

12:00:50 9 information that's included in this memorandum for

12:00:53 10 presentation to the Fast Track CMAC Committee? What

12:00:59 11 happened, what materials were looked at if you

12:01:02 12 recall, if you know?

12:01:07 13 A. I don't remember specifically. It's

12:01:09 14 been a long time. But I remember we had met with

12:01:14 15 Fairfield once. And some of the information may

12:01:17 16 have come from that discussion and our subsequent

12:01:21 17 e-mails, and as I said, this was put together mostly

12:01:30 18 by the structuring group.

12:01:32 19 MR. BOCCUZZI: "This" being the memo?

12:01:33 20 A. This being the memo.

12:01:36 21 Q. Do you know whether the Global Hybrid

12:01:42 22 Group relied entirely or mostly or not at all on

12:01:49 23 information that was given to them by Fairfield

12:01:54 24 Sentry?

12:01:54 25 A. For putting this memo together?

BENDISH REPORTING, INC.  
877.404.2193

Page 61

12:02:01 1 Q. Yes.

12:02:05 2 MR. BOCCUZZI: If you know.

12:02:06 3 THE WITNESS: I mean, some of the

12:02:08 4 information did come from them. So that's all I

12:02:12 5 know.

12:02:12 6 Q. Do you know whether information came

12:02:14 7 from other sources?

12:02:15 8 A. I don't know.

12:02:18 9 Q. Do you know what, if anything, Citi

12:02:23 10 did -- do you know what, if anything, Citi did in

12:02:36 11 terms of its own independent analysis of Fairfield

12:02:42 12 Sentry or Madoff before approving the Auriga

12:02:46 13 Fairfield trade?

12:02:53 14 A. I mean, we had a meeting with

12:02:56 15 Fairfield Sentry where we asked them about the

12:03:02 16 strategy, how familiar were they, how did it work,

12:03:12 17 who were the service providers. We tried to get

12:03:18 18 some background information about Madoff, Bernie

12:03:24 19 Madoff -- get some background information on Bernie

12:03:27 20 Madoff.

12:03:27 21 Q. Let's start with the meeting with

12:03:30 22 Sentry. Was there one or more meetings with Sentry

12:03:34 23 before this transaction was approved?

12:03:36 24 A. I recall one where I was involved.

12:03:38 25 Q. And how were you involved?

BENDISH REPORTING, INC.  
877.404.2193

SAMIR MATHUR 11/3/10 CONFIDENTIAL

SIPC v. BLMIS

Page 62

12:03:41 1 A. I had gone there along with a few  
12:03:44 2 other members of the control areas.  
12:03:49 3 Q. And who from the control areas  
12:03:54 4 participated in this meeting?  
12:03:57 5 A. I don't particularly recall.  
12:04:00 6 Q. Who suggested that there be a meeting  
12:04:04 7 with Fairfield Sentry?  
12:04:07 8 A. Again, before we would do any fund  
12:04:11 9 trade we would always have a meeting with the fund  
12:04:17 10 investment manager.  
12:04:19 11 Q. Was Fairfield Sentry the investment  
12:04:23 12 manager?  
12:04:23 13 A. Yes. Fairfield Greenwich was the  
12:04:28 14 investment manager.  
12:04:31 15 Q. What did you understand to be the  
12:04:34 16 role of BLMIS in terms of its relationship with  
12:04:39 17 Fairfield Sentry?  
12:04:42 18 A. Okay. I mean, the way at that time I  
12:04:59 19 knew it was a -- Bernie Madoff was managing this  
12:05:05 20 split strike trade for -- in this managed account  
12:05:14 21 owned by Fairfield Sentry fund.  
12:05:19 22 Q. Did you or anyone from your group  
12:05:26 23 propose meeting with Madoff or anyone at BLMIS  
12:05:33 24 before approving this transaction?  
12:05:35 25 A. Yes.

BENDISH REPORTING, INC.  
877.404.2193

SAMIR MATHUR 11/3/10 CONFIDENTIAL

SIPC v. BLMIS

Page 63

12:05:35 1 Q. What do you recall about that?  
12:05:38 2 A. We asked and they said that it's  
12:05:40 3 generally hard to do that.  
12:05:43 4 Q. Who asked whom in terms of meeting  
12:05:48 5 with Mr. Madoff or someone from BLMIS?  
12:05:52 6 A. I don't particularly recall who  
12:05:56 7 asked, but someone from our team asked them if he  
12:06:01 8 could meet with -- if our team could meet with  
12:06:04 9 Bernie Madoff.  
12:06:06 10 Q. Are you saying that someone from Citi  
12:06:08 11 asked someone from Fairfield?  
12:06:10 12 A. Yes.  
12:06:11 13 Q. And what do you recall being told in  
12:06:17 14 terms of Citi's ability to meet with Madoff or  
12:06:22 15 someone from BLMIS?  
12:06:24 16 A. I mean, what I can recall is that  
12:06:28 17 they said that he's a very busy guy. It's hard to  
12:06:34 18 meet with him. And it's difficult to set up  
12:06:39 19 something in a short amount of time.  
12:06:42 20 Q. Was it significant to you or to  
12:06:45 21 anyone in your group that you are aware of that it  
12:06:53 22 did not appear possible to meet with Mr. Madoff  
12:06:56 23 prior to approving this transaction?  
12:06:58 24 MR. BOCCUZZI: Just so we don't get  
12:07:00 25 blurred up, can you start with him and then ask the

BENDISH REPORTING, INC.  
877.404.2193

Page 64

12:07:03 1 second question.

12:07:05 2 Q. That is fine. Was it significant to  
12:07:07 3 you that there did not seem to be the possibility of  
12:07:09 4 meeting with Mr. Madoff or any anyone from BLMIS  
12:07:13 5 before this trade was presented by your group for  
12:07:16 6 approval by the CMAC Committee?

12:07:19 7 A. I mean, it was not a show-stopper at  
12:07:26 8 that time, but we were -- I was disappointed.

12:07:37 9 Q. Why were you disappointed?

12:07:40 10 A. I mean, the more we could find out  
12:07:43 11 more directly it's better, but in many of the  
12:07:47 12 similar trades of fund of funds, you know, sometimes  
12:07:50 13 we can and sometimes we cannot meet the managers.

12:07:56 14 Q. And to be clear, was it your  
12:07:59 15 understanding that Citi could not meet with  
12:08:02 16 Mr. Madoff or anyone from BLMIS, if you recall?

12:08:10 17 A. I don't recall that distinction.

12:08:18 18 Q. How long was your meeting with  
12:08:22 19 Fairfield Greenwich representatives that you  
12:08:29 20 referred to earlier?

12:08:31 21 A. I mean, I don't recall great details  
12:08:36 22 about, but these meetings typically lasted one to  
12:08:39 23 two hours.

12:08:40 24 Q. You mentioned you attended that  
12:08:42 25 meetings with some of your control area colleagues.

Page 74

12:22:58 1 generated profits in terms of his use of the split  
12:23:07 2 strike conversion strategy?

12:23:12 3 A. My general understanding was that he  
12:23:17 4 had some process by which he arrives at this basket  
12:23:20 5 of stocks. He was a big broker-dealer so he  
12:23:28 6 presumably saw the flow in the markets and  
12:23:39 7 presumably that gave him some edge.

12:23:43 8 Q. Is that an understanding that you  
12:23:45 9 developed before the Auriga transaction was  
12:23:49 10 approved?

12:23:50 11 A. That was my understanding how he was  
12:23:53 12 doing it.

12:23:57 13 Q. Were the options contracts that were  
12:24:00 14 purchased and sold to your understanding used for  
12:24:06 15 profit generation or hedging?

12:24:15 16 A. My understanding was they were mostly  
12:24:18 17 used for hedging, but he would put them on at  
12:24:22 18 appropriate times to maximize the return of the  
12:24:25 19 strategy.

12:24:31 20 Q. And prior to your approval of the  
12:24:35 21 Auriga transaction, what, if any, understanding did  
12:24:42 22 you have about where BLMIS was trading options?

12:24:55 23 A. As part of this process, what I was  
12:25:00 24 told is that they trade over-the-counter.

12:25:04 25 Q. And who did you understand to be the

Page 75

12:25:08 1 counterparties to these over-the-counter traded S&P  
12:25:14 2 100 Index options?

12:25:16 3 A. I mean, I remember asking that  
12:25:18 4 question, and the answer was that they are, you  
12:25:24 5 know, highly rated banks.

12:25:27 6 Q. Do you recall pressing further and  
12:25:30 7 asking for the identity of these counterparties to  
12:25:35 8 the over-the-counter S&P 100 Index options Madoff  
12:25:42 9 purported to be trading?

12:25:44 10 A. Yes. We asked a couple of times like  
12:25:48 11 who are the option providers.

12:25:49 12 Q. And who did you ask?

12:25:50 13 A. Fairfield Sentry.

12:25:52 14 Q. And what did they tell you?

12:25:55 15 A. They said that Bernie does not want  
12:25:58 16 to disclose.

12:26:00 17 Q. And how did you or your group react  
12:26:02 18 to that?

12:26:03 19 A. I mean, it was not unusual.  
12:26:11 20 Typically, hedge funds are, in general, quite  
12:26:16 21 secretive. They don't like to tell who the  
12:26:18 22 counterparties are. They are already concerned that  
12:26:21 23 somebody might be piggybacking on their activity.  
12:26:25 24 So they are pretty secretive. So it was not  
12:26:29 25 surprising.

Page 76

12:26:29 1 Q. Do you know whether it was disclosed  
12:26:33 2 to the GMAC Committee -- do you know whether it was  
12:26:43 3 disclosed to the CMAC Committee or senior management  
12:26:46 4 at Citi that Madoff refused to identify the options  
12:26:51 5 counterparties?

12:26:52 6 A. I don't particularly recall  
12:26:54 7 discussing it at CMAC, but I -- we did discuss about  
12:27:01 8 this with our controls and market risk and credit  
12:27:05 9 risk.

12:27:09 10 Q. And what were those discussions?

12:27:11 11 A. Just that this is something that we  
12:27:14 12 are not getting information about.

12:27:19 13 Q. And how did market risk or credit  
12:27:25 14 respond to being informed that Madoff would not  
12:27:28 15 disclose his options counterparties?

12:27:32 16 A. What I recall is that nobody was very  
12:27:38 17 satisfied with that, but at the same time people  
12:27:41 18 understood that many hedge funds will not disclose  
12:27:47 19 this information.

12:27:52 20 Q. Did you understand BLMIS to be a  
12:27:54 21 hedge fund?

12:27:56 22 A. With this transaction, it became  
12:28:02 23 clearer that that's the role they were performing  
12:28:05 24 for this part of the business.

12:28:08 25 Q. You understood that Madoff on the

Page 77

12:28:13 1 investment advisory side was essentially acting like  
12:28:17 2 a hedge fund?

12:28:18 3 A. Yes.

12:28:20 4 Q. Did you draw any distinction between  
12:28:25 5 the advisory business at BLMIS being described as  
12:28:30 6 managed accounts versus a hedge fund?

12:28:39 7 A. Not really, because a lot of the  
12:28:42 8 hedge funds do manage money in the form of managed  
12:28:46 9 accounts. It's not unique to BLMIS.

12:28:51 10 Q. You said you recall that no one was  
12:28:54 11 particularly satisfied with not being told the  
12:28:58 12 identities of the options counterparties. What, if  
12:29:03 13 anything else, did you do to attempt to identify the  
12:29:09 14 options counterparties?

12:29:13 15 A. I mean, there is little that I  
12:29:15 16 personally could have done on that. I mean, I just  
12:29:18 17 can't pick up the phone to everyone on the street  
12:29:22 18 asking about this. Nobody would respond and nobody  
12:29:26 19 would reveal this kind of information. So --

12:29:29 20 Q. Fair enough. Do you recall picking  
12:29:31 21 up the phone and asking any of the options desks at  
12:29:36 22 Citi whether they were trading S&P 100 options  
12:29:40 23 over-the-counter with Madoff or whether they were  
12:29:43 24 aware of any Madoff OTC S&P 100 Index options  
12:29:51 25 activity?

Page 78

12:29:53 1 A. At some point I do recall a  
12:29:55 2 discussion with them. I don't particularly remember  
12:30:01 3 the timing of it when exactly, but they said they  
12:30:05 4 have not seen -- they have not been counterparties  
12:30:10 5 to these kind of options, and they did not know of  
12:30:15 6 anybody else who would be the counterparties for  
12:30:18 7 these kind of options.

12:30:19 8 Q. And to the best of your recollection,  
12:30:21 9 Mr. Mathur, with whom within Citi did you have such  
12:30:26 10 a conversation?

12:30:27 11 A. That I don't recall. It could have  
12:30:33 12 been somebody on the equity trading desk.

12:30:40 13 Q. Did you have a sense of how big  
12:30:44 14 Citi's equity options trading desk was in the 2005  
12:30:51 15 to 2008 time period? Put bluntly, were they a big  
12:31:00 16 player?

12:31:01 17 A. No.

12:31:06 18 Q. Why do you say that?

12:31:08 19 A. I mean, if you would typically ask  
12:31:13 20 reputationally like, you know, who the big equity  
12:31:17 21 players are, Citi was not one of them.

12:31:19 22 Q. Who were they?

12:31:20 23 A. I mean --

12:31:21 24 Q. To the best of your knowledge?

12:31:23 25 A. I would have said somebody like

Page 79

12:31:26 1 Goldman, something like Societe Generale.

12:31:35 2 Q. In your discussions about the  
12:31:39 3 identity of the options counterparties, did anyone  
12:31:43 4 ever suggest contacting some of the other financial  
12:31:48 5 institutions to inquire whether they were trading  
12:31:51 6 options with BLMIS?

12:31:55 7 A. I don't recall, but I mean my  
12:32:01 8 understanding was that it was not practical to just  
12:32:05 9 pick up the phone to Societe Generale and ask them  
12:32:10 10 are you trading. They would not reveal this kind of  
12:32:12 11 information, which would be competitive information  
12:32:17 12 for them.

12:32:17 13 Q. When you were having your discussions  
12:32:20 14 with Sentry leading up to approving this  
12:32:25 15 transaction, what, if anything, did you understand  
12:32:33 16 about who were the actual parties to the OTC options  
12:32:41 17 contracts? I'm not asking about the identities.

12:32:44 18 I'm asking, did you understand that Sentry was a  
12:32:50 19 principal or that BLMIS was acting as a principal or  
12:32:56 20 an agent of -- I'm trying to understand that.  
12:33:03 21 Another way of asking you is, who did you understand  
12:33:06 22 bore the counterparty risk in the options trading?

12:33:20 23 MR. BOCCUZZI: If you recall having  
12:33:21 24 that understanding.

12:33:22 25 THE WITNESS: I don't recall. I

Page 80

12:33:25 1 mean, general understanding would be that the fund  
12:33:29 2 would be the counterparty for these options.

12:33:35 3 Q. So would the fund have the risk  
12:33:38 4 associated with the OTC contracts?

12:33:42 5 A. I mean, I don't really recall much on  
12:33:56 6 that particular issue.

12:33:58 7 Q. Did anyone in your group, the Global  
12:34:07 8 Hybrid Group, do any analysis on whether options had  
12:34:17 9 been exercised against Sentry historically?

12:34:27 10 A. Let me -- just to clarify. Are you  
12:34:32 11 asking whether Sentry was a counterparty, is that  
12:34:34 12 the question?

12:34:35 13 Q. I will ask it more generally. We  
12:34:37 14 have talked about options, and we have talked about  
12:34:40 15 options being part of the strategy being employed by  
12:34:43 16 Madoff in this split strike conversion. What, if  
12:34:47 17 any, analysis did Citi's hybrid group do in terms of  
12:34:54 18 looking at the options trading before the Auriga  
12:34:58 19 transaction was approved?

12:35:01 20 A. If you're asking whether we are  
12:35:07 21 trying to replicate the strategy and how it could  
12:35:10 22 have worked, is that the question?

12:35:12 23 Q. That is part of it. I am asking a  
12:35:14 24 very broad question. I am asking did anyone look at  
12:35:17 25 the cost of it? Did anyone look at how often the

Page 81

12:35:22 1 strike seemed to be exercised, anything like that?  
12:35:25 2 I am just trying to get a sense, if you know, what  
12:35:27 3 Citi did in terms of looking at, understanding the  
12:35:31 4 options trading historically that had happened with  
12:35:35 5 Sentry?

12:35:36 6 MR. BOCCUZZI: Prior to the  
12:35:37 7 investment, did anyone on your team look at the  
12:35:39 8 options trading strategy?

12:35:41 9 THE WITNESS: I mean, basically, we  
12:35:46 10 asked these kind of general questions of Fairfield  
12:35:52 11 Sentry, like what did they understand of the  
12:35:53 12 strategy and the options, and how did it work. And  
12:36:03 13 most of our understanding is based upon what they  
12:36:07 14 told us, which is, you know, that they would --  
12:36:17 15 Bernie Madoff would accumulate the stocks, would  
12:36:21 16 write options around it. That was our  
12:36:24 17 understanding.

12:36:26 18 Q. Okay. You said earlier that one of  
12:36:31 19 the things that you understood was that Madoff was a  
12:36:38 20 big market-maker and presumably would see the flow  
12:36:43 21 in the markets. What did you understand by a "flow  
12:36:46 22 in the markets"?

12:36:47 23 A. I mean, they would see -- presumably  
12:36:52 24 see, you know, who was buying or selling shares in  
12:36:56 25 large numbers.

Page 111

02:29:19 1 strike you as a concern?

02:29:26 2 A. Not really.

02:29:28 3 Q. So -- okay. We've talked about a

02:29:35 4 number of things that you identified or your group

02:29:40 5 identified during the course of looking at Madoff,

02:29:43 6 and I believe we've talked about that the options

02:29:48 7 parties were unidentified. Do you agree with that?

02:29:52 8 A. Yes.

02:29:52 9 Q. And we've talked about not being able

02:30:00 10 to have discussions with the auditors. Do you agree

02:30:05 11 with that?

02:30:06 12 MR. BOCCUZZI: That we talked about

02:30:07 13 it? That is a confusing question.

02:30:10 14 Q. I guess my question to you is, in the

02:30:12 15 aggregate of all the different things that you came

02:30:16 16 to learn or were told about Madoff or BLMIS, in the

02:30:21 17 aggregate, did they ever cause you to question

02:30:25 18 whether this was a good trade or not?

02:30:28 19 A. Not really because if we had done

02:30:32 20 that. Then we would have not entered into the trade

02:30:36 21 or unwound it.

02:30:44 22 Q. Before December 10, 2008, did anyone

02:30:48 23 at Citi ever express to you any concern or

02:30:53 24 hesitation about being exposed to Madoff?

02:31:04 25 A. I mean, there were some questions

Page 112

02:31:11 1 from our market risk people about, you know, who are  
02:31:19 2 the counterparties, and that was one of the  
02:31:24 3 questions they were asking. So that was a concern,  
02:31:29 4 and they wanted to get a better sense about it. But  
02:31:34 5 the fact that we couldn't get to the counterparties  
02:31:40 6 was not a show-stopper because it was expected that  
02:31:44 7 in many other cases this would have been the same  
02:31:47 8 situation, you know, we would not get to know the  
02:31:50 9 counterparties.

02:31:54 10 Q. Other than issues revolving around  
02:32:01 11 options counterparties, did anyone else ever discuss  
02:32:04 12 with you any concerns or hesitations they had about  
02:32:09 13 BLMIS before December 10, 2008 unrelated to options?

02:32:13 14 A. No.

02:32:14 15 Q. And who are these market risk people  
02:32:17 16 that you mentioned that --

02:32:20 17 A. I mean the primary person we  
02:32:23 18 interacted with is Ramesh Gupta and Jean Louis  
02:32:31 19 Lafforge.

02:32:31 20 Q. Can you spell that?

02:32:32 21 A. J-E-A-N, L-O-U-I-S, L-A-F-F-O-R-G-E.

02:32:47 22 Q. And did the market risk people  
02:32:49 23 express their concerns about the options aspect of  
02:32:54 24 the strategy before or after the Auriga trade was  
02:33:04 25 done?

Page 113

02:33:04 1 A. I don't recall the timing, but this

02:33:07 2 was one of the questions that was brought up.

02:33:10 3 Q. And was there any resolution to the

02:33:12 4 issue of the options counterparties?

02:33:16 5 A. We, again, asked Fairfield, and we

02:33:21 6 tried to press them more on this question who are

02:33:26 7 the counterparties. And I do recall they had at one

02:33:30 8 time given us a couple of names. They said

02:33:34 9 potentially they had heard that Merrill and Deutsche

02:33:37 10 were the counterparties for some of the options.

02:33:41 11 Q. And what steps, if anything, did Citi

02:33:43 12 take to verify that Merrill or Deutsche Bank might

02:33:46 13 be the options counterparties trading with Sentry?

02:33:51 14 A. There was very little we could do.

02:33:53 15 It's not that we could pick up a phone and call

02:33:57 16 somebody there and ask do you trade with the

02:33:58 17 counterparty. If someone called us, we would not

02:34:02 18 say if we are dealing with a particular

02:34:04 19 counterparty.

02:34:07 20 Q. In your experience as a trader, do

02:34:12 21 desks of different financial institutions talk to

02:34:15 22 one another?

02:34:16 23 A. There is some interaction, yes.

02:34:18 24 Q. And is it typical or unusual for

02:34:23 25 desks at different financial institutions to

Page 159

04:06:21 1 checking with him.

04:06:22 2 Q. Did this information exchange in

04:06:26 3 September of 2003 lead to a transaction that was

04:06:30 4 completed by Citi involving Tremont?

04:06:35 5 A. No.

04:06:39 6 Q. Why is that, if you know?

04:06:42 7 A. I don't recall why, but probably we

04:06:46 8 did not agree on some terms.

04:06:49 9 Q. I take it you were basically running

04:06:53 10 by your summary of points to make with respect to

04:06:59 11 American Masters fund by the Tremont folk. Do you

04:07:03 12 know who you were going to send this information to?

04:07:21 13 A. I don't remember who this was being

04:07:36 14 sent to.

04:07:36 15 Q. Do you recall whether this inquiry

04:07:39 16 was in respect of a direct or a synthetic

04:07:43 17 investment?

04:07:47 18 A. I think we were trying to put

04:07:51 19 together a principal protected note on these funds.

04:07:56 20 So it was not a leverage facility like the other

04:08:00 21 one.

04:08:20 22 Q. What role, if any, did you play in

04:08:26 23 connection with the Citibank loan that was made to a

04:08:33 24 Tremont fund in 2005 for approximately 300 million

04:08:40 25 dollars?

Page 160

04:08:40 1 A. In that one, we had no role -- I had

04:08:46 2 no role.

04:08:47 3 Q. Did your group have any role in that

04:08:50 4 300 million dollar loan in 2005?

04:08:53 5 A. No.

04:08:56 6 Q. While your group was evaluating the

04:09:02 7 Auriga transaction in 2005, were you aware that

04:09:11 8 another part of Citibank was discussing entering

04:09:16 9 into a 300 million dollar loan for another Madoff

04:09:21 10 feeder fund?

04:09:22 11 A. No.

04:09:24 12 Q. Why is that?

04:09:28 13 A. I mean, if I would have known, I

04:09:31 14 would have been quite annoyed why some other group

04:09:38 15 is doing similar business.

04:09:41 16 Q. When did you first become aware that

04:09:44 17 a Citibank group or entity had made a 300 million

04:09:52 18 dollar loan to a Tremont fund?

04:09:55 19 A. I don't particularly recall the time,

04:10:04 20 but at some time later on I got to know that this

04:10:08 21 had been done.

04:10:09 22 Q. And what were the circumstances

04:10:11 23 pursuant to which you got to know that this had been

04:10:15 24 done?

04:10:16 25 A. Are you asking me how did I learn

Page 161

04:10:20 1 about it?

04:10:20 2 Q. Sure.

04:10:21 3 A. I don't recall. Somebody must have

04:10:23 4 mentioned it.

04:10:24 5 Q. What was your reaction to learning

04:10:27 6 about the leverage that had been provided by some

04:10:31 7 other Citi group or entity?

04:10:36 8 A. I mentioned I was not happy to hear

04:10:39 9 that somebody else was doing it.

04:10:43 10 Q. So what did you do once you learned

04:10:46 11 about the transaction, if anything?

04:10:50 12 A. Not much I could do.

04:10:55 13 Q. Did you think to ask the person or

04:11:02 14 persons responsible for that loan whether they had

04:11:06 15 answers to some of the questions that you and your

04:11:10 16 group had regarding Madoff and Madoff feeder fund

04:11:17 17 issues?

04:11:28 18 A. The group that was doing it was

04:11:30 19 somewhat of a rival to our group. So we did not

04:11:33 20 have that kind of a relationship on my side.

04:11:36 21 Q. And who was the head of the group

04:11:38 22 that was the rival lending unit?

04:11:45 23 A. I mean, the person that I eventually

04:11:48 24 got to know about was Matt Nichols.

04:11:52 25 Q. Matt Nichols?

Page 162

04:11:53 1 A. Yes.

04:12:01 2 Q. And why did you review -- strike

04:12:04 3 that.

04:12:04 4 And why did you view that group headed by

04:12:09 5 Mr. Nichols as a rival unit in terms of business

04:12:18 6 opportunities?

04:12:20 7 A. Because they were doing very similar

04:12:23 8 trades.

04:12:24 9 Q. Were they doing any synthetic trades

04:12:27 10 as far as you know? Strike that.

04:12:29 11 Were they doing any swaps?

04:12:31 12 A. I don't think so.

04:12:33 13 Q. And just so the record is clear, what

04:12:38 14 was this group? Did it have a name?

04:12:41 15 A. They were part of our corporate

04:12:44 16 banking.

04:12:47 17 Q. They were within the Citibank entity

04:12:52 18 or a Citigroup entity?

04:12:54 19 A. Yes.

04:12:55 20 MR. BOCCUZZI: Do you know?

04:12:56 21 Q. Do you know?

04:12:57 22 A. Yes. They were part of Citigroup.

04:13:00 23 MR. BOCCUZZI: He started to say were

04:13:02 24 they in Citibank, then the question is do you

04:13:04 25 know where they --

Page 163

04:13:04 1 Q. Let me ask it this way. If I  
04:13:07 2 understand it correctly, you were always and always  
04:13:08 3 have been within the Citibank entity?  
04:13:11 4 A. Yes.  
04:13:11 5 Q. Were they, that group, also a unit of  
04:13:18 6 Citibank?  
04:13:20 7 A. Citigroup, yes.  
04:13:22 8 Q. Citigroup?  
04:13:23 9 A. And I was also part of Citigroup, not  
04:13:29 10 always the bank.  
04:13:40 11 Q. So I think I asked you, but I am not  
04:13:43 12 sure I got an answer. Once you found out that  
04:13:50 13 Mr. Nichols had made the 300 million dollar loan to  
04:13:59 14 another Madoff feeder fund, did you take any steps  
04:14:04 15 to have any communications with him or his group  
04:14:10 16 about Madoff feeder funds in general?  
04:14:14 17 A. I don't recall having any discussions  
04:14:18 18 with him on this part.  
04:14:20 19 Q. Did you instruct anyone working for  
04:14:23 20 you to, in words or substance, go learn as much as  
04:14:27 21 you can about that transaction and whatever  
04:14:31 22 Mr. Nichols had done with respect to Tremont?  
04:14:37 23 A. I don't recall asking anybody to do  
04:14:40 24 that.  
04:14:41 25 Q. And did you always regard that group

SAMIR MATHUR 11/3/10 CONFIDENTIAL

SIPC v. BLMIS

Page 164

04:14:48 1 as a rival in terms of business opportunities or did  
04:14:53 2 that manifest itself at some particular point in  
04:14:58 3 time?

04:14:58 4 A. At that particular point when I  
04:15:00 5 learned about the trade about this particular group  
04:15:02 6 had done it, I was somewhat surprised that why would  
04:15:06 7 they do that. And later on, actually, we cooperated  
04:15:14 8 and we did some other trades together, but at that  
04:15:18 9 particular time I was somewhat disappointed.

04:15:22 10 Q. And was this the first time you had  
04:15:25 11 discovered that that group was playing in your  
04:15:31 12 space, to speak?

04:15:33 13 A. Yes, I think -- yes.

04:15:38 14 Q. And you mentioned that later on your  
04:15:42 15 group cooperated with that group on one or more  
04:15:46 16 trades. Were any of those trades Madoff-related?

04:15:50 17 A. Yes. I believe they were asking us  
04:15:53 18 to take a look at the Tremont trade. I mean, they  
04:15:57 19 were asking us to see if we could take -- I am not  
04:16:06 20 now sure whether it was their facility or the  
04:16:10 21 inquiry came from them. That we could offer  
04:16:19 22 leverage to Tremont.

04:16:20 23 Q. Just to expedite things, did there  
04:16:23 24 come a time when that group or Mr. Nichols came to  
04:16:29 25 you and said, in words or substance, that Tremont

BENDISH REPORTING, INC.  
877.404.2193

Page 165

04:16:34 1 was interested in a leveraged transaction,  
04:16:39 2 potentially a swap transaction on a Madoff feeder  
04:16:43 3 fund and would you be interested in working with  
04:16:46 4 them on it?

04:16:48 5 A. Yes.

04:16:48 6 Q. And who brought that to your  
04:16:51 7 attention?

04:16:53 8 A. Who brought the Tremont trade to my  
04:17:00 9 attention?

04:17:01 10 Q. Yes.

04:17:05 11 A. I don't particularly recall whether  
04:17:09 12 it was Matt himself or somebody else brought that to  
04:17:11 13 my attention.

04:17:11 14 Q. And what was your reaction?

04:17:15 15 A. I said we will take a look.

04:17:18 16 Q. Was this some time after you learned  
04:17:21 17 about the 300 million dollar loan?

04:17:25 18 A. Yes.

04:17:27 19 Q. Was it at or about the same time or  
04:17:30 20 some time thereafter?

04:17:33 21 A. I didn't know precisely the time at  
04:17:36 22 which they had put on the loan. So I can't really  
04:17:41 23 say then when they brought this inquiry to us, but I  
04:17:49 24 do remember this came after the Fairfield trade.

04:17:54 25 Q. And is it your understanding that